

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 13, 2026

Volume 20 Issue 48

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	5

Tonight's Research Points

- Several studies are suggesting the pullback is overdone and likely to bounce.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. Evidence is pointing higher and SPX has quickly become quite oversold. I like the long side.

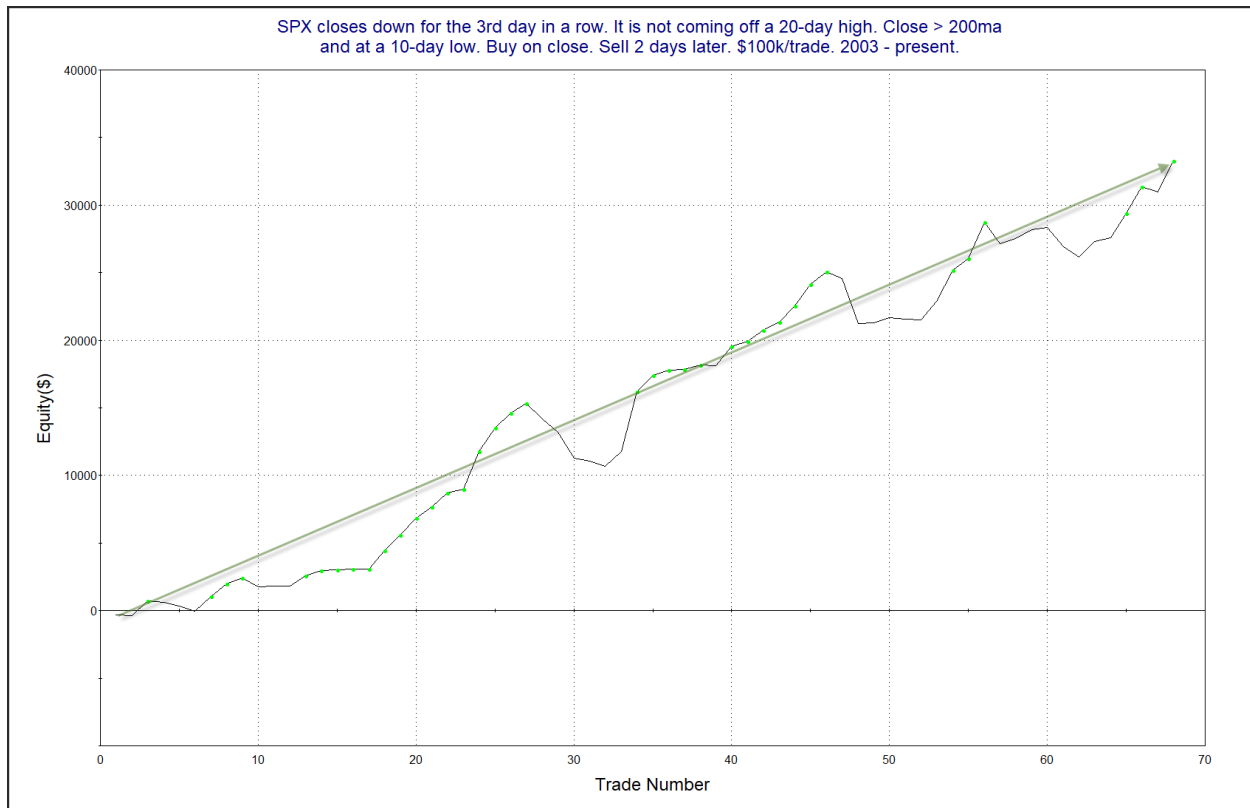
The Evidence

Thursday was a rough day for the market. SPX declined 1.5%, the NASDAQ dropped 1.8%, and the Russell 2000 lost 2.1%. Breadth was weak as the NYSE Up Issues % closed at 21% and the NYSE Up Volume % posted a 23% reading. NYSE total volume rose some from Wednesday's level.

One theme among some studies in the Quantifinder is that the SPX is now experiencing a 3-day pullback. A simple 3-day pullback will often suggest a short-term upside edge. And times when the market is in a long-term uptrend that edge is often more consistent. Below is a pullback study that appeared in the 6/23/25 letter. It examined pullbacks during uptrends that did not originate at intermediate-term highs, and posted a 10-day low.

SPX closes down for the 3rd day in a row. It is not coming off a 20-day high. Close > 200ma and at a 10-day low. Buy on close. Sell X days later. \$100k/trade. 2003 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	38,658.60	66	42	24	63.64	5,471.50	-4,543.76	1,696.32	-1,357.79	1.25	2.19	585.74
4	37,945.45	68	43	25	63.24	5,290.00	-3,988.20	1,668.60	-1,352.17	1.23	2.12	558.02
3	24,412.08	68	44	24	64.71	4,895.50	-5,306.04	1,382.88	-1,518.12	0.91	1.67	359.00
2	33,287.32	68	47	21	69.12	4,424.50	-3,357.50	1,020.63	-699.16	1.46	3.27	489.52
1	24,713.00	68	45	23	66.18	2,671.02	-1,953.32	902.66	-691.59	1.31	2.55	363.43

Numbers here look strong, with a nice little pop over the next two days. Below is a look at the 2-day profit curve.



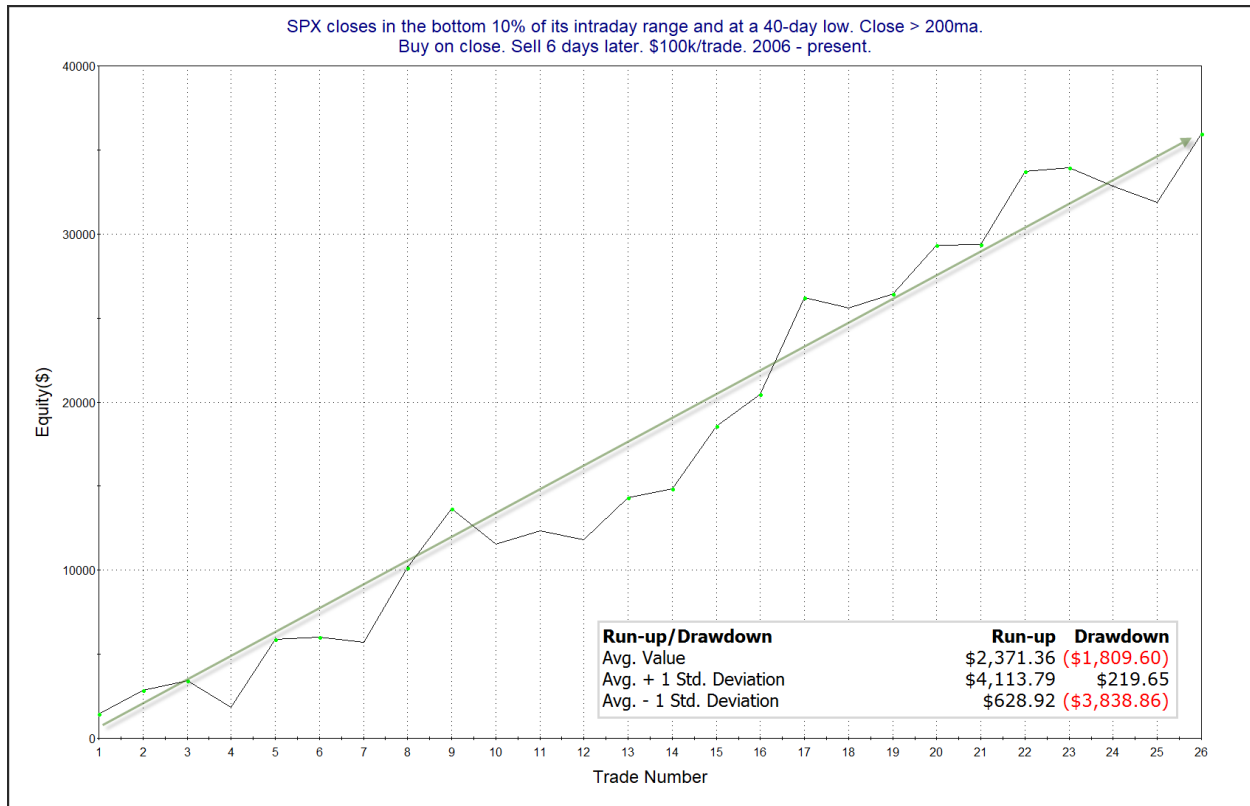
That is a strong, steady upslope. I have added this study to the active list.

Of course Thursday did not just post a 10-day low. It was the lowest close for SPX since November. In the 5/29/19 letter I looked at times SPX closed at a 40-day low, and very low in its intraday range. I have updated that study below.

SPX closes in the bottom 10% of its intraday range and at a 40-day low. Close > 200ma.
Buy on close. Sell X days later. \$100k/trade. 2006 - present.

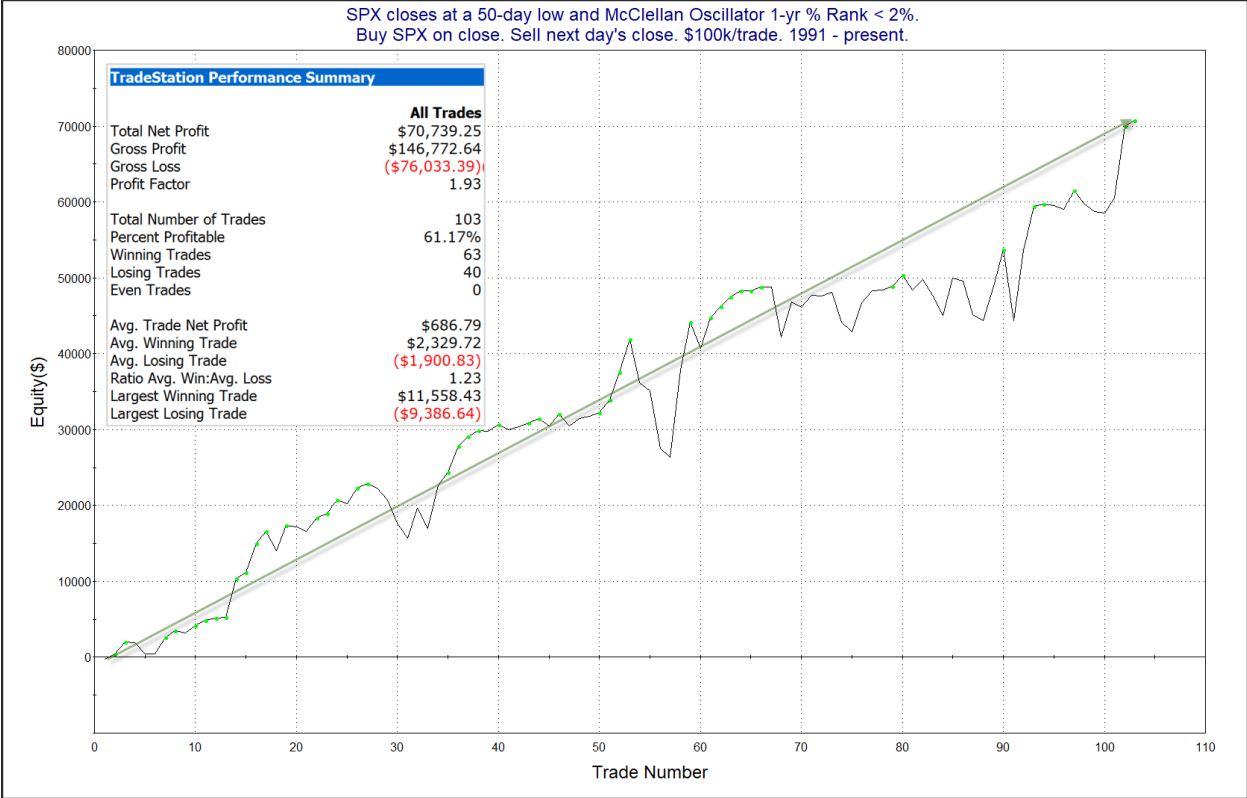
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	35,300.77	25	16	9	64.00	6,319.40	-7,625.38	3,208.54	-1,781.75	1.80	3.20	1,412.03
9	30,691.69	25	18	7	72.00	5,514.18	-11,831.15	2,670.36	-2,482.10	1.08	2.77	1,227.67
8	37,579.50	25	19	5	76.00	5,150.40	-4,831.04	2,511.94	-2,029.46	1.24	4.70	1,503.18
7	27,171.75	25	15	10	60.00	5,139.88	-3,232.37	2,451.71	-960.38	2.55	3.83	1,086.87
6	35,970.56	26	19	7	73.08	5,746.36	-2,113.95	2,273.05	-1,031.05	2.20	5.98	1,383.48
5	24,076.22	26	17	9	65.38	5,707.60	-3,870.04	2,329.04	-1,724.17	1.35	2.55	926.01
4	17,970.96	26	16	10	61.54	4,469.94	-3,351.72	2,057.04	-1,494.16	1.38	2.20	691.19
3	13,068.69	26	17	9	65.38	3,669.76	-5,393.69	1,721.52	-1,799.68	0.96	1.81	502.64
2	7,074.06	29	16	13	55.17	2,850.00	-4,632.95	1,373.81	-1,146.68	1.20	1.47	243.93
1	4,301.43	34	21	13	61.76	2,177.98	-2,005.85	842.00	-1,029.27	0.82	1.32	126.51

Odds here appear favorable. Below is a look at the 6-day profit curve.



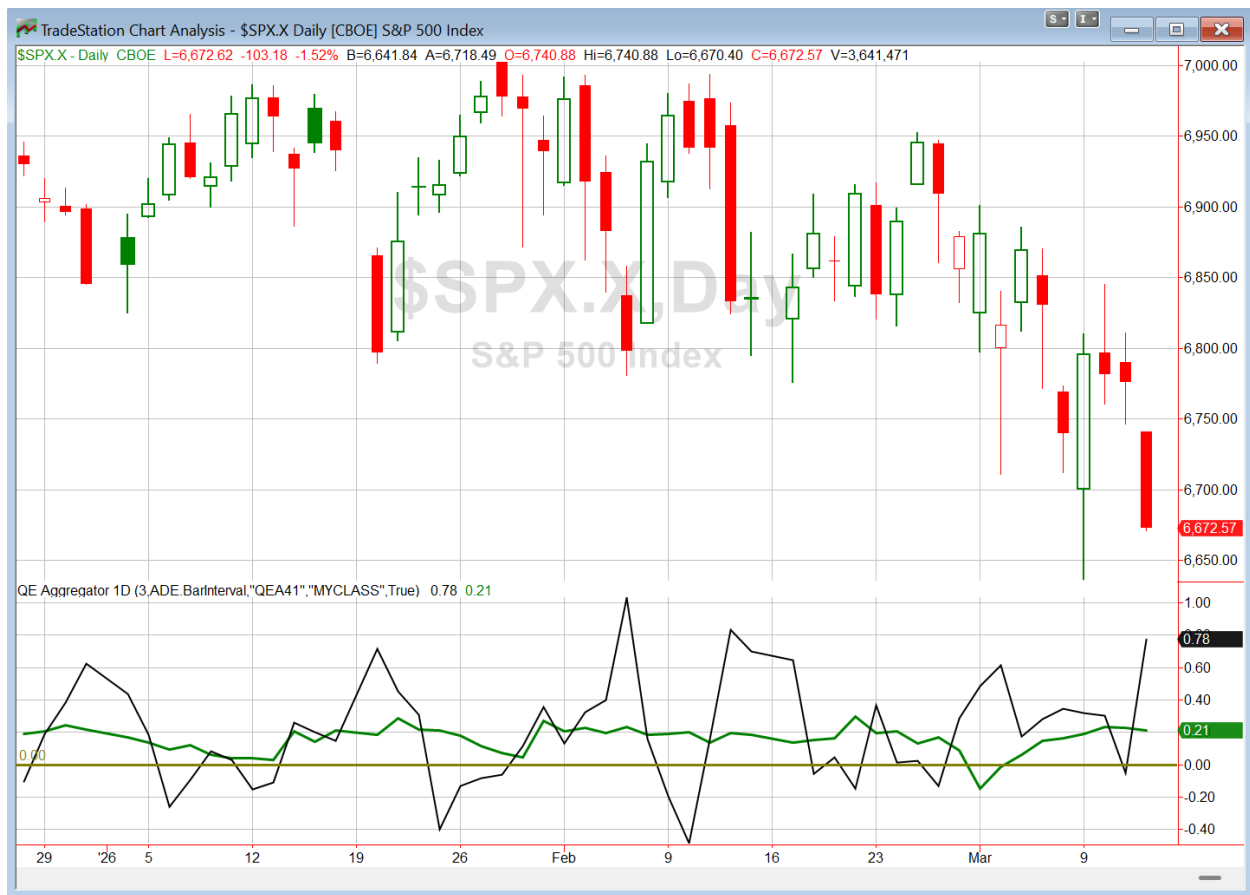
Nothing wrong with that. I have also added this study to the Active List.

Breadth has really deteriorated lately. That is often a bad thing for the intermediate-term. But extremely negative breadth readings can sometimes act as a short-term oversold reading. On Thursday, the McClellan Oscillator posted a reading that was in the bottom 1% of all readings over the last year. When overdone breadth occurs in conjunction with an oversold price reading, you often see a bullish short-term result. The study below I last discussed in the 10/11/18 letter. It looks at times SPX closed at a 50-day low while the McClellan Oscillator closed at one of the lowest readings of the last year. Results are updated.



The curve and the stats suggest a bullish tendency for the next day. Price action and overdone breadth are suggesting a good chance at a bounce.

I have updated the Aggregator chart below.



With tonight's evidence considered, the green Aggregator Line remained above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line popped back above zero. The positive Differential Line reading means that SPX is oversold versus recent expectations. So expectations are positive and SPX is oversold. This is considered a bullish configuration. Bullish configurations are visible on the chart whenever both lines close above zero. Therefore, the Aggregator formation turned long at the close.

Based on the current list of active studies, expectations are set to remain positive on Friday. This is highly unlikely to change. Meanwhile, the Differential Pivot will be 6819.23. That is 2.2% above Thursday's close. Therefore, it will take a very sizable 2.2% gain on Friday in order to flip SPX from short-term oversold to short-term overbought versus recent expectations.

So the Aggregator is bullish. There is a good bit of evidence suggesting a bounce is likely. There is also ample room to the upside before SPX would turn overbought. So reward/risk appears favorable. I like the long side, and have added a new index trade idea in the trade ideas section down below that will look to take advantage of the long-side edge if a decent fill is available on Friday.

Intermediate-term Outlook (2 weeks – 2 months) – updated 3/9 – neutral

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

UPS – 1/3 @ \$104.07 (bought @ limit)

UNP – 1/3 @ \$250.21 (bought @ limit)

COF – 1/3 @ \$182.02 (bought @ limit)

New

COF – 1/3 @ \$177.45 (buy @ limit)

CL – 1/3 @ \$87.95 (buy @ limit)

Broad Market Large Cap CBI – 5 (UPS, UNP, COF-2, CL)

Additional New Trade Ideas

COF – Buy 1/3 Catapult position @ \$177.45 LIMIT. From the Catapult section above, this is the 2nd of up to 3 possible lots of COF.

CL – Buy 1/3 Catapult position @ \$87.95 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of CL.

SPY – Buy ¼ index position @ \$666.05 LIMIT. Based on the short-term outlook above, I will look to take on a small amount of long exposure if SPY trades below Thursday's closing price.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
<i>TXN(1/3)</i>	<i>3/4/2026</i>	<i>\$202.37</i>	<i>\$193.65</i>	<i>-4.31%</i>	<i>sold on open</i>
<i>TXN(1/3)</i>	<i>3/5/2026</i>	<i>\$200.91</i>	<i>\$193.65</i>	<i>-3.61%</i>	<i>sold on open</i>
<i>TXN(1/3)</i>	<i>3/6/2026</i>	<i>\$192.50</i>	<i>\$193.65</i>	<i>0.60%</i>	<i>sold on open</i>
UPS(1/3)	3/6/2026	\$101.87	\$97.89	-3.91%	Catapult
LIN(1/3)	3/11/2026	\$476.34	\$490.41	2.95%	<i>sell on open</i>
UNP(1/3)	3/11/2026	\$250.21	\$244.10	-2.44%	Catapult
COF(1/3)	3/12/2026	\$177.88	\$177.45	-0.24%	Catapult

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